

Application: _____

Exhibit No.: SDGE-_____

Witness: Amanda D. White_____

PREPARED DIRECT TESTIMONY OF
AMANDA D. WHITE
ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY
CHAPTER 3



BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

JULY 30, 2018

TABLE OF CONTENTS

I.	PURPOSE AND SUMMARY	1
II.	REVENUE REQUIREMENT OVERVIEW	2
III.	COSTS ASSOCIATED WITH SDG&E’S 100% OWNERSHIP FOR THE PROGRAM PROPOSALS	3
	A. Capital Expenditures	3
	B. O&M Costs	4
	C. Total Capital Expenditures and O&M Costs Before Adjustments	5
	D. Adjustments to Capital and O&M Costs	5
	1. Overhead Loaders	5
	2. Escalation of Future Costs	6
	E. Total Costs After Adjustments.....	7
IV.	REVENUE REQUIREMENT ASSOCIATED WITH SDG&E’S OWNERSHIP FOR THE PROGRAM PROPOSALS.....	8
	A. Return of Capital.....	10
	B. O&M Costs	10
	C. Return.....	10
	D. Tax	11
	1. Property Tax.....	11
	2. Federal and State Income Tax.....	12
	a. Federal Income Tax	12
	b. State Income Tax	12
	E. Franchise Fees and Uncollectible	13
V.	CONCLUSION.....	13
VI.	STATEMENT OF QUALIFICATIONS	14

1 **PREPARED DIRECT TESTIMONY OF**

2 **AMANDA D.WHITE**

3 **CHAPTER 3**

4 **I. PURPOSE AND SUMMARY**

5 The purpose of my testimony is to identify the costs associated with San Diego Gas &
6 Electric Company’s (“SDG&E”) Assembly Bill (“AB”) 1082 and AB 1083 transportation
7 electrification (“TE”) pilot proposals (“Pilots”), comprised of electric vehicle (“EV”) public
8 charging infrastructure for schools and educational institutions (“School Pilot”), and parks and
9 beaches (“Parks Pilot”) (collectively, the “Pilots”). The Parks Pilot includes a request for public
10 charging infrastructure at state parks and beaches, and an additional proposal for chargers at city
11 and county parks. The Pilots include: (1) a description of the methodology used by SDG&E in
12 determining the revenue requirements for the proposals; and (2) the resulting annual revenue
13 requirements for the Pilots. The costs and revenue requirements for the Pilots are based on
14 SDG&E owning the electric vehicle supply equipment (“EVSE”), also referred to as an EV
15 charger.

16 Since the School and Parks Pilots include services and capital costs above and beyond
17 those authorized by the California Public Utilities Commission (“Commission” or “CPUC”) in
18 any other proceeding, including SDG&E’s most recent general rate case (“GRC”), all costs
19 associated with the Pilots are incremental, and thus additive to any currently authorized levels of
20 revenue requirement.

21 SDG&E is requesting that the Commission approve, for the years 2019-2022, the capital
22 costs, operations & maintenance (“O&M”) costs, and the associated revenue requirement for the
23 School and Parks Pilots, as explained in more detail below in Section III and IV of my
24 testimony. SDG&E is also seeking approval to roll forward for recovery in a subsequent GRC

1 (currently estimated to be Test Year 2022) any undepreciated book value of utility-owned plant
2 balances associated with the Pilots.

3 In addition, SDG&E is requesting that, under the Assigned Commissioner’s Ruling
4 (“ACR”),¹ the Commission approve, for the years 2019-2022, the capital costs, O&M costs, and
5 the associated revenue requirement for the city and county parks portion of the Parks Pilot, as
6 explained in more detail below in Section III and IV of my testimony. SDG&E is also seeking
7 approval to roll forward for recovery in a subsequent GRC (currently estimated to be Test Year
8 2022) any undepreciated book value of utility-owned plant balances associated with the Pilots.

9 Please refer to the prepared direct testimony of Norma G. Jasso (Chapter 4) for cost
10 recovery details regarding the balancing account requested for recovering the costs of the Pilots.

11 **II. REVENUE REQUIREMENT OVERVIEW**

12 The revenue requirements for each Pilot shown in Section IV of this testimony are
13 designed to capture all costs necessary to run the Pilot proposals. These costs, referred to as
14 capital costs, provide benefits to its users over multiple years of the asset’s useful life. They
15 include asset or equipment costs for chargers, transformers, and overhead equipment. O&M
16 costs consumed within a one-year period that are incurred to maintain equipment – as well as
17 provide support to customer outreach and billing – are also part of the revenue requirement.

18 The capital costs require cash outflows, and are financed through contributions from
19 shareholders, along with borrowed funds from lending institutions. Shareholders and lenders are
20 paid back for the principal portion of their contributions and loans through the depreciation
21 expense of the revenue requirement (referred to as a “return of investment”). Interest costs on

¹ January 24, 2018, Assigned Commissioner’s Ruling Providing Guidance to Utilities Electing to Submit Applications Pursuant to Assembly Bills 1082 and 1083, in Rulemaking (“R.”) 13-11-007.

1 the portion of debt that is borrowed from lenders to finance a portion of the projects are also
2 collected as part of the revenue requirement. In addition, while being paid back for their
3 contribution, shareholders are allowed to earn an after-tax return (approved by the Commission)
4 on their investment. Taxes on the return are collected as part of the revenue requirement, so that
5 shareholders are made whole on an after-tax basis.

6 In summary, the components of the revenue requirement include recovery of O&M costs
7 on a dollar-for-dollar basis, capital costs through depreciation, taxes, and return (interest on debt
8 financing, and shareholder return) (*see* Section IV, below).

9 **III. COSTS ASSOCIATED WITH SDG&E'S 100% OWNERSHIP FOR THE** 10 **PROGRAM PROPOSALS²**

11 SDG&E proposes the School Pilot and Parks Pilot. For more detail regarding the capital
12 and O&M costs of the Pilots, see the prepared direct testimony of Randy Schimka (Chapter 1 of
13 this Application).

14 **A. Capital Expenditures**

15 Table ADW-1 below identifies the capital expenditures for the Schools Pilot and the
16 Parks Pilot (including both state parks and beaches and city and county parks) for the years
17 2019 - 2022, prior to adjustments for overheads and escalation factors.

² Amounts reflected throughout the tables and appendices of this testimony may not add to the exact sum totals shown, due to rounding associated with supporting spreadsheets.

Table ADW-1										
EV Charging Infrastructure										
Capital Expenditures										
(Excludes escalation & loaders; Includes sales tax)										
(000's)										
Capital Expenditures	Schools					State Parks & Beaches				
	2019	2020	2021	2022	Total	2019	2020	2021	2022	Total
Transformer & Installation	\$0	\$329	\$493	\$0	\$822	\$0	\$132	\$197	\$0	\$329
Electrical Services	\$0	\$2,533	\$3,799	\$0	\$6,331	\$0	\$1,155	\$1,732	\$0	\$2,887
Chargers (EVSE)	\$0	\$777	\$1,166	\$0	\$1,943	\$0	\$416	\$624	\$0	\$1,040
IT Software & Harware	\$210	\$70	\$0	\$0	\$280	\$210	\$70	\$0	\$0	\$280
Total Capital Expenditures	\$210	\$3,708	\$5,458	\$0	\$9,376	\$210	\$1,772	\$2,553	\$0	\$4,535
Capital Expenditures	City and County Parks					Total				
	2019	2020	2021	2022	Total	2019	2020	2021	2022	Total
Transformer & Installation	\$0	\$110	\$164	\$0	\$274	\$0	\$570	\$855	\$0	\$1,425
Electrical Services	\$0	\$927	\$1,390	\$0	\$2,317	\$0	\$4,614	\$6,921	\$0	\$11,535
Chargers (EVSE)	\$0	\$385	\$577	\$0	\$962	\$0	\$1,578	\$2,367	\$0	\$3,944
IT Software & Harware	\$0	\$0	\$0	\$0	\$0	\$420	\$140	\$0	\$0	\$560
Total Capital Expenditures	\$0	\$1,421	\$2,132	\$0	\$3,553	\$420	\$6,901	\$10,142	\$0	\$17,464

B. O&M Costs

Table ADW-2 below identifies the O&M costs for the Schools Pilot and Parks Pilot — including the state parks and beaches, and city and county parks — prior to any applied loaders and escalators. O&M consists of ongoing service costs, which will be provided by either third-party vendors or SDG&E internal labor for customer engagement, measurement evaluation, and maintenance.

Table ADW-2										
EV Charging Infrastructure										
O&M Costs										
(Excludes escalation & loaders; Includes sales tax)										
(000's)										
O&M Costs	Schools					State Parks & Beaches				
	2019	2020	2021	2022	Total	2019	2020	2021	2022	Total
Network Communication Fees	\$0	\$57	\$57	\$0	\$114	\$0	\$22	\$22	\$0	\$43
Customer Engagement	\$0	\$100	\$100	\$0	\$200	\$0	\$100	\$100	\$0	\$200
Measurement & Evaluations	\$0	\$75	\$75	\$0	\$150	\$0	\$75	\$75	\$0	\$150
Maintenance - Equipment	\$0	\$17	\$17	\$17	\$52	\$0	\$34	\$34	\$34	\$102
Total O&M Costs	\$0	\$249	\$249	\$17	\$516	\$0	\$230	\$230	\$34	\$495
O&M Costs	City and County Parks					Total				
	2019	2020	2021	2022	Total	2019	2020	2021	2022	Total
Customer Allowances	\$0	\$19	\$19	\$0	\$38	\$0	\$98	\$98	\$0	\$196
Customer Engagement	\$0	\$50	\$50	\$0	\$100	\$0	\$250	\$250	\$0	\$500
Measurement & Evaluations	\$0	\$38	\$38	\$0	\$75	\$0	\$188	\$188	\$0	\$375
Maintenance - Equipment	\$0	\$11	\$11	\$11	\$33	\$0	\$62	\$62	\$62	\$187
Total O&M Costs	\$0	\$118	\$118	\$11	\$246	\$0	\$597	\$597	\$62	\$1,257

C. Total Capital Expenditures and O&M Costs Before Adjustments

Table ADW-3 below identifies the total capital expenditures (referred to as Capital Costs in the tables) and O&M costs for the Schools Pilot and Parks Pilot before adjustments for loaders and escalation.

Table ADW-3 EV Charging Infrastructure Summary of Capital Expenditures & O&M Costs (Total Costs) (Excludes escalation & loaders; Includes sales tax)										
(000's)										
Total Costs	Schools					State Parks & Beaches				
	2019	2020	2021	2022	Total	2019	2020	2021	2022	Total
Capital Costs	\$210	\$3,708	\$5,458	\$0	\$9,376	\$210	\$1,772	\$2,553	\$0	\$4,535
O&M Costs	\$0	\$249	\$249	\$17	\$516	\$0	\$230	\$230	\$34	\$495
Total Costs	\$210	\$3,958	\$5,707	\$17	\$9,892	\$210	\$2,002	\$2,783	\$34	\$5,030
Total Costs	City and County Parks					Total				
	2019	2020	2021	2022	Total	2019	2020	2021	2022	Total
Capital Costs	\$0	\$1,421	\$2,132	\$0	\$3,553	\$420	\$6,901	\$10,142	\$0	\$17,464
O&M Costs	\$0	\$118	\$118	\$11	\$246	\$0	\$597	\$597	\$62	\$1,257
Total Costs	\$0	\$1,539	\$2,249	\$11	\$3,799	\$420	\$7,499	\$10,740	\$62	\$18,721

D. Adjustments to Capital and O&M Costs

1. Overhead Loaders

Overhead loaders are used to allocate undistributed company overhead costs across capital projects and O&M. Overhead costs are those activities and services that are associated with direct costs, such as payroll taxes and pension and benefits. Or they are costs that cannot be economically direct-charged, such as administrative and general overheads. Overhead loaders used to develop the revenue requirement for the Pilots are for illustrative purposes only and are subject to change. The overhead loader values adhere to the methodology proposed by the Federal Energy Regulatory Commission (“FERC”).³ They were derived using the same

³ FERC guidelines reference the Statement of Federal Financial Accounting Standards 4: Managerial Cost Accounting Standards and Concepts. See, e.g., Paragraphs 88, 89 and 91, available at <http://www.fasab.gov/pdf/files/sffas-4.pdf>.

1 methodology applied in SDG&E’s most recent GRC filing. If the Pilots are approved, then the
 2 Commission-approved overhead loaders in effect at the time of approval will be used.

3 **2. Escalation of Future Costs**

4 Cost escalation factors are used to reflect the effect of inflation on SDG&E’s costs.
 5 SDG&E’s escalation costs were derived using IHS/Market Global Insight’s 2nd Quarter 2017
 6 Power Planner forecast, which was published in June 2018.

7 Table ADW-4 below shows the capital expenditures for the Pilots, adjusted for SDG&E
 8 overhead loaders and cost escalation.

Table ADW-4										
EV Charging Infrastructure										
Capital Expenditures										
(Includes escalation, loaders, and sales tax)										
(000's)										
Capital Expenditures	Schools					State Parks & Beaches				
	2019	2020	2021	2022	Total	2019	2020	2021	2022	Total
Transformer & Installation	\$0	\$443	\$685	\$0	\$1,128	\$0	\$177	\$274	\$0	\$451
Electrical Services	\$0	\$3,466	\$5,361	\$0	\$8,827	\$0	\$1,585	\$2,453	\$0	\$4,038
Chargers (EVSE)	\$0	\$998	\$1,544	\$0	\$2,542	\$0	\$538	\$832	\$0	\$1,370
IT Software & Hardware	\$227	\$76	\$0	\$0	\$303	\$227	\$76	\$0	\$0	\$303
Total Capital Expenditure	\$227	\$4,983	\$7,590	\$0	\$12,800	\$227	\$2,377	\$3,559	\$0	\$6,163
Capital Expenditures	City and County Parks					Total				
	2019	2020	2021	2022	Total	2019	2020	2021	2022	Total
Transformer & Installation	\$0	\$148	\$228	\$0	\$376	\$0	\$768	\$1,188	\$0	\$1,956
Electrical Services	\$0	\$1,271	\$1,965	\$0	\$3,236	\$0	\$6,321	\$9,779	\$0	\$16,101
Chargers (EVSE)	\$0	\$499	\$771	\$0	\$1,270	\$0	\$2,035	\$3,147	\$0	\$5,182
IT Software & Hardware	\$0	\$0	\$0	\$0	\$0	\$454	\$153	\$0	\$0	\$607
Total Capital Expenditure	\$0	\$1,917	\$2,965	\$0	\$4,882	\$454	\$9,277	\$14,115	\$0	\$23,845

9
 10 Table ADW-5 below shows the O&M costs Pilots, adjusted for SDG&E overhead
 11 loaders and cost escalation.

Table ADW-5										
EV Charging Infrastructure										
O&M Costs										
(Includes escalation, loaders, and sales tax)										
(000's)										
O&M Costs	Schools					State Parks & Beaches				
	2019	2020	2021	2022	Total	2019	2020	2021	2022	Total
Network Communication Fees	\$0	\$60	\$61	\$0	\$121	\$0	\$23	\$23	\$0	\$46
Customer Engagement	\$0	\$107	\$110	\$0	\$218	\$0	\$107	\$110	\$0	\$218
Measurement & Evaluations	\$0	\$80	\$83	\$0	\$163	\$0	\$80	\$83	\$0	\$163
Maintenance - Equipment	\$0	\$18	\$19	\$19	\$56	\$0	\$36	\$36	\$37	\$109
Total O&M Costs	\$0	\$266	\$274	\$19	\$559	\$0	\$246	\$253	\$37	\$536
O&M Costs	City and County Parks					Total				
	2019	2020	2021	2022	Total	2019	2020	2021	2022	Total
Customer Allowances	\$0	\$20	\$21	\$0	\$41	\$0	\$103	\$105	\$0	\$208
Customer Engagement	\$0	\$54	\$55	\$0	\$109	\$0	\$268	\$276	\$0	\$545
Measurement & Evaluations	\$0	\$40	\$41	\$0	\$82	\$0	\$201	\$207	\$0	\$408
Maintenance - Equipment	\$0	\$12	\$12	\$12	\$36	\$0	\$65	\$67	\$69	\$201
Total O&M Costs	\$0	\$126	\$129	\$12	\$267	\$0	\$638	\$656	\$69	\$1,362

1
2
3
4
5
6

E. Total Costs After Adjustments

After updating the capital expenditures and O&M costs with the appropriate adjustment factors noted above, the Schools Pilot and Parks Pilot — separated between the state parks and beaches and city and county parks proposal — for purposes of calculating the revenue requirement are shown in Table ADW-6 below.

Table ADW-6										
EV Charging Infrastructure										
Summary of Capital Expenditures & O&M Costs (Total Costs)										
(Includes escalation, loaders, and sales tax)										
(000's)										
Total Costs	Schools					State Parks & Beaches				
	2019	2020	2021	2022	Total	2019	2020	2021	2022	Total
Capital Costs	\$227	\$4,983	\$7,590	\$0	\$12,800	\$227	\$2,377	\$3,559	\$0	\$6,163
O&M Costs	\$0	\$266	\$274	\$19	\$559	\$0	\$246	\$253	\$37	\$536
Total Costs	\$227	\$5,249	\$7,864	\$19	\$13,359	\$227	\$2,623	\$3,812	\$37	\$6,699
Total Costs	City and County Parks					Total				
	2019	2020	2021	2022	Total	2019	2020	2021	2022	Total
Capital Costs	\$0	\$1,917	\$2,965	\$0	\$4,882	\$454	\$9,277	\$14,115	\$0	\$23,845
O&M Costs	\$0	\$126	\$129	\$12	\$267	\$0	\$638	\$656	\$69	\$1,362
Total Costs	\$0	\$2,043	\$3,095	\$12	\$5,149	\$454	\$9,915	\$14,770	\$69	\$25,208

7

1 **IV. REVENUE REQUIREMENT ASSOCIATED WITH SDG&E'S OWNERSHIP**
 2 **FOR THE PROGRAM PROPOSALS**

3 The revenue requirement includes SDG&E's 100% ownership for the pilot proposals. It
 4 represents the total dollars that need to be collected each year in order to recover the costs and
 5 provide for returns associated with the Pilots. The components that make up the revenue
 6 requirement are: return of capital (via depreciation); O&M costs; debt and equity returns; federal
 7 and state taxes; franchise fees; and uncollectible revenue. The total revenue requirements for the
 8 Pilots are identified below in Tables ADW-7A, ADW-7B, and ADW-8, respectively. A more
 9 detailed description of the components of the revenue requirement is presented in the sections
 10 that follow.

Table ADW-7A					
San Diego Gas & Electric					
AB 1082 EV Charging Infrastructure - Schools					
Annual Revenue Requirement					
(000's)					
Revenue Requirement	2019	2020	2021	2022	Total
FF&U:	(\$24)	\$13	\$54	\$78	\$122
O&M:	\$0	\$266	\$274	\$19	\$559
Working Capital:	\$0	\$0	\$0	\$0	\$0
Depreciation:	\$0	\$121	\$452	\$782	\$1,355
Return on Common:	\$0	\$77	\$367	\$644	\$1,088
Return on Preferred:	\$0	\$2	\$12	\$21	\$35
Return On Debt:	\$0	\$30	\$144	\$252	\$426
Federal Taxes:	(\$563)	(\$130)	\$136	\$206	(\$351)
State Taxes:	(\$77)	(\$8)	\$58	\$94	\$67
Property Taxes:	\$0	\$0	\$18	\$82	\$100
Total	(\$664)	\$373	\$1,516	\$2,177	\$3,402

11

Table ADW-7B
San Diego Gas & Electric
AB 1083 EV Charging Infrastructure - State Parks & Beaches
Annual Revenue Requirement

(000's)

Revenue Requirement	2019	2020	2021	2022	Total
FF&U:	(\$24)	\$9	\$33	\$41	\$59
O&M:	\$0	\$246	\$253	\$37	\$536
Working Capital:	\$0	\$0	\$0	\$0	\$0
Depreciation:	\$0	\$88	\$262	\$432	\$782
Return on Common:	\$0	\$43	\$178	\$305	\$526
Return on Preferred:	\$0	\$1	\$6	\$10	\$17
Return On Debt:	\$0	\$17	\$70	\$119	\$206
Federal Taxes:	(\$563)	(\$140)	\$78	\$106	(\$519)
State Taxes:	(\$77)	(\$12)	\$34	\$52	(\$3)
Property Taxes:	\$0	\$0	\$9	\$38	\$47
Total	(\$664)	\$252	\$923	\$1,141	\$1,652

1

Table ADW-8
San Diego Gas & Electric
EV Charging Infrastructure - City and County Parks
Annual Revenue Requirement

(000's)

Revenue Requirement	2019	2020	2021	2022	Total
FF&U:	\$0	\$8	\$22	\$31	\$60
O&M:	\$0	\$126	\$129	\$12	\$267
Working Capital:	\$0	\$0	\$0	\$0	\$0
Depreciation:	\$0	\$32	\$180	\$332	\$544
Return on Common:	\$0	\$25	\$138	\$246	\$409
Return on Preferred:	\$0	\$1	\$4	\$8	\$13
Return On Debt:	\$0	\$10	\$54	\$96	\$160
Federal Taxes:	\$0	\$8	\$43	\$73	\$124
State Taxes:	\$0	\$3	\$22	\$38	\$63
Property Taxes:	\$0	\$0	\$7	\$32	\$39
Total	\$0	\$213	\$599	\$868	\$1,680

2

1 **A. Return of Capital**

2 The return of capital is equal to annual book depreciation, which uses the straight-line
3 remaining life method.⁴ Consistent with the FERC Code of Federal Regulations, SDG&E
4 assumes the following useful lives for each asset category as presented in Table ADW-9 below.⁵

Table ADW-9	
Capital - FERC Useful Life	
Asset Category	FERC Useful Life Years
Chargers	5
New Electric Service	55
Transformers & Installation	34
Computer Software	5

5
6 **B. O&M Costs**

7 O&M costs represent the total costs required to ensure the ongoing successful operation
8 of the Pilots. O&M costs are included in the revenue requirement and treated as a pass-through
9 item on a dollar-for-dollar basis.

10 **C. Return**

11 The current authorized annual return components of the revenue requirement for the
12 Pilots consist of return on debt (4.59 percent), return on preferred stock (6.22 percent), and return
13 on equity (10.20 percent).⁶ These values are then weighted by their authorized capital allocation

⁴ This method is consistent with Standard Practice U-04-W, Determination of Straight-Line Remaining Life Depreciation Accruals. The CPUC issued this standard practice in 1961 as a guide for determining proper depreciation accruals.

⁵ Study conducted by Sargent and Lundy on life expectancy of chargers. Results of study and request for adoption of a 5-year life for chargers was submitted in SDG&E's most recent GRC Application ("A.") 17-10-007 to the CPUC in October 2017.

⁶ Adopted in CPUC Decision ("D.") 17-07-005 and implemented in SDG&E Advice Letter 3120-E, approved October 26, 2017, and effective January 1, 2018.

1 percentages and multiplied by the average rate base⁷ to determine the revenue requirement for
 2 each return component. The authorized weighted returns are listed in Table ADW-10 below.
 3 The next Cost of Capital proceeding is scheduled for test year 2020. The final decision in the
 4 Cost of Capital proceeding will be reflected in the revenue requirement ultimately approved in
 5 this proceeding at that time.

Table ADW-10			
SDG&E Rate of Return (ROR) Calculation			
	<u>Capital Ratio %</u>	<u>Cost</u>	<u>Authorized Weighted Cost</u>
Long-Term Debt	45.25%	4.59%	2.08%
Preferred Equity	2.75%	6.22%	0.17%
Common Equity	52.00%	10.20%	5.30%
	100.00%		7.55%

6
 7 **D. Tax**

8 **1. Property Tax**

9 The annual property tax expense for the Pilots is calculated by multiplying the period
 10 ending rate base by SDG&E’s effective property tax rate of 1.520 percent.⁸

⁷ D.16-06-054 at 216 (“SDG&E defines rate base ‘as the net investment of property, plant, equipment and other assets that SDG&E has acquired or constructed to provide utility services to its customers’”).

⁸ Consistent with previous filings, SDG&E’s effective property tax rate is calculated by dividing the total property taxes due by county (per SDG&E property tax bills) by the total assessed value by county.

1 **2. Federal and State Income Tax**

2 **a. Federal Income Tax**

3 Federal income tax expense is calculated by multiplying federal Earnings before Income
4 Tax (“EBIT”)⁹ by the current corporate federal income tax rate of 21 percent, which was reduced
5 from 35 percent as part of the Tax Cuts and Jobs Act of 2017. In accordance with established
6 Commission policy, federal income taxes are computed on a normalized basis for utility
7 ratemaking purposes.¹⁰ An annual breakout of the federal tax component of the revenue
8 requirement is provided in Table ADW-7A for the Schools Pilot, ADW-7B for the state parks
9 and beaches portion of the Parks Pilot, and Table ADW-8 for the city and county parks portion
10 of the Parks Pilot.

11 **b. State Income Tax**

12 State income tax expense is calculated by multiplying state EBIT¹¹ by the current
13 California Corporation Franchise Tax rate of 8.84 percent. State income taxes are not
14 normalized. They instead are calculated on a flow-through basis.¹²

⁹ For ratemaking purposes, federal EBIT is calculated as the sum of Common and Preferred Stock Returns minus prior year state taxes, multiplied by a tax gross-up factor. The tax gross-up factor is mathematically required to compute a pre-tax earnings number that, once taxes are applied, results in SDG&E’s achievement of its authorized rate of return.

¹⁰ Normalization requires that any tax adjustments for deferred taxes (due to accelerated federal tax depreciation methods) are not included when calculating the annual required taxes due from ratepayers through the revenue requirement.

¹¹ For ratemaking purposes, state EBIT is calculated as the sum of Common and Preferred Stock Returns, minus any deferred state income tax, multiplied by a tax gross-up factor. The tax gross-up factor is mathematically required to compute a pre-tax earnings number that, once taxes are applied, results in SDG&E’s achievement of its authorized rate of return.

¹² Consistent with Commission policy, flow-through accounting treats temporary differences between recognition of expenses for book purposes and their tax return treatment as current adjustments to the revenue requirement.

1 **E. Franchise Fees and Uncollectible**

2 Franchise Fees and Uncollectible (“FF&U”) are the final calculated components of the
3 revenue requirement. Franchise fees cover the payments made to counties and incorporated
4 cities, pursuant to local ordinances granting a franchise to the company to place utility property
5 in the public right of way. Uncollectibles represent the estimated uncollectible expenses incurred
6 by SDG&E. FF&U is calculated by multiplying the sum of all other revenue requirement
7 components by the authorized multipliers¹³ for franchise fees and uncollectibles.

8 **V. CONCLUSION**

9 This concludes my prepared direct testimony.

10

¹³ FF&U multipliers used for these revenue requirements are consistent with those supported in D.16-06-054.

1 **VI. STATEMENT OF QUALIFICATIONS**

2 My name is Amanda D. White. I am employed with San Diego Gas & Electric
3 Company(SDG&E). My business address is 8330 Century Park Court, San Diego, CA 92123-
4 1576. I am currently Principal Business Analyst – Financial and Strategic Analysis Department,
5 and I am responsible for the calculation of revenue requirements for specific cases or projects
6 filed before the CPUC. In addition, I am also responsible for conducting financial analysis and
7 project evaluations requiring the use of and the development of various revenue requirement
8 models. I have held this position since March 2015.

9 I received a Bachelor of Science degree in Management from Virginia Tech, Blacksburg,
10 in 2000 and a Masters of Business Administration from Purdue University, West Lafayette, in
11 2010. In 2011, I joined San Diego Gas & Electric, and have held various positions, including
12 Energy Advisor and Senior Business Analyst in the Electric & Fuel Procurement Department.

13 I have not previously testified before the California Public Utilities Commission.